



STAFF REPORT

Meeting Date: September 20, 2016

Agenda Item #: 7b

TO: Mayor and Town Council
FROM: Bonnie Schwerd, Assistant Town Administrator
Kevin Dempsey, Fire Chief
THRU: Susan Parker, Town Administrator
TITLE: Consideration of Fire Truck Installment Financing

Summary: During the budget process, the Fire Chief presented information to the Town Council about the Town's need for a new rescue pumper fire truck to replace a 25 year-old model that needs to come out of service. The Town Council directed staff to look at purchasing the fire truck by way of installment financing during the 2016-2017 fiscal year.

Discussion:

The Town has received three quotes based upon like specifications for the new rescue pumper fire truck. These three quotes are as follows:

<u>Company</u>	<u>Quote</u>	<u>Discounts (D) or Trade allowance (T)</u>	<u>Net Cost</u>	<u>Delivery</u>
Ferrara	\$468,324	\$15,000 (T)	\$453,324	90 days
Smeal	\$468,932	\$-0-	\$468,932	360 days
KME	\$469,995	\$6,038 (D)	\$463,957	330-390 days

Ferrara was the only one of the three that was willing to consider a trade-in of the Town's existing aged pumper truck and this made the final cost considerably lower with this vendor.

Staff has confirmed that LGC approval will not be necessary for this financing and the Town staff may directly solicit financing proposals from banking institutions. Staff requests Council permission to move forward with executing the contract, budgetary and financing documents for the purchase and financing of the Ferrara fire truck at an amount not to exceed \$454,000 through installment financing to be paid in semi-annual payments over a 10-year term at an annual rate of interest not to exceed 2.5 percent. This would generate annual debt service payments of approximately \$52,000 per year over the next 10 years.

Recommendation: I move that the Town Council hereby authorize the project ordinance for the purchase of the Ferrara pumper truck as provided in the packet, and to direct the Assistant Town Administrator to proceed with the following:

- (1) On behalf of the Town, through issuance of an RFP for installment financing, arrange and contract for installment financing for the fire truck with a 10-year term at an interest rate not to exceed 2.5% per year; and
- (2) Execute necessary contract documents for the purchase of the Ferrara pumper truck and the trade-in of the Town's Fire Engine 3 for a net amount not to exceed \$454,000.